

RESULTS

OF

FIVE YEARS GRIT-ROUGE RULE

IN CANADA.

The National Policy and How it will Affect the Future of Canada.

It is fortunate that in this contest, upon which the people of Canada are now about to enter, there is a straight issue—that affecting the fiscal policy of the country. At the last session of Parliament the Opposition, led by Sir John A. Macdonald, moved the following resolution:—

“That this House is of opinion that the welfare of Canada requires the adoption of a National Policy, which by a judicious readjustment of the Tariff will benefit and foster the Agricultural, the Mining, the Manufacturing and other interests of the Dominion; that such a Policy will retain in Canada thousands of our fellow-countrymen, now obliged to expatriate themselves in search of the employment denied them at home; will restore prosperity to our struggling industries, now so sadly depressed; will prevent Canada from being made a sacrifice market; will encourage and develop an active interprovincial trade; and moving (as it ought to do) in the direction of the reciprocity of Tariffs with our neighbors, so far as the varied interests of Canada may demand, will greatly tend to procure for this country, eventually, a reciprocity of Trade.”

The principles embodied in that resolution are those upon which the Opposition propose to fight this battle. The Government frankly accepted the issue. There was a deficit of about a million and a half of dollars, as announced by Mr. Cartwright in his Budget Speech. Under ordinary circumstances, it would have been his duty to have made provision for that deficit; but, in this case, he made no provision, and he took that course expressly upon the ground that the issue to be fought at the elections involved the character of the fiscal policy of the country and the manner in which taxation was to be imposed. His exact words were:—“All things considered, therefore, I am disposed to advise that we should delay the consideration of the question, whether it is desirable to impose any further taxes on the people or not, and I do this for these several reasons. * * * And because, which

“is, perhaps, even more to the purpose, the issue which is about to be presented by the two political parties of the day, would involve, if decided against us, so great and so radical a change in our whole fiscal system and in our mode of collecting the revenue that I desire that the views of the people should be heard on this question.”

In order that there may be no doubt upon this point, the Reform Association of the Province of Ontario, in a tract which they have issued to the people, have announced “free trade” as the rallying cry of their party. Under these circumstances, therefore, no elector can have any excuse for misunderstanding the issue at the elections. It is a broad public issue, involving questions of public policy deeply affecting the commercial and industrial interests of the Dominion; and every man should be regarded with suspicion who, pretending to hold views in favour of protection, refuses to cast in his lot with the party representing those views.

Let us look at the position in which the country stands at this moment. It will be admitted that for the last four years we have suffered from a most serious depression. A statement of the failures with the amounts of the liabilities for the last five years, sufficiently shows this:

	No. of failures.	Amt of liabilities.
1873.....	994	\$12,334,192
1874.....	966	7,646,765
1875.....	1,968	24,439,97
1876.....	1,728	25,57,991
1877.....	1,890	25,510,147

This shows that the number of failures for the year 1877, last year, was greater than in any of the years tabulated, with the exception of 1875, being 1890 out of fifty six thousand traders, or one in every twenty nine, while the previous year, 1876, there was one failure to every thirty-two doing business. As so much

has been said in relation to the depression in the United States, it is worth while pointing out that, in that same year, the proportion of failures to persons doing business in the neighboring republic was only one in every sixty nine. As to the number of failures in England the *Engineering Journal* says :

"The total number of failures in England during 1877 was nearly 10,400, the number during the first half of the year being 5,865. The number for the same period of 1878 was 6,812, or an increase in the first six months of 1878 of no less than 1,127. The total number of failures in America during 1877 was about 7,900, and in the first six months of 1878, 5,825.

Thus protectionist America, with a larger population, and with all the abnormal influences arising out of the war, had less failures than free trade England. There is no doubt that much of the distress in Canada

has been due to the general trade prostration that has existed all over the world. The question, however, with which we have to deal is this: whether it was possible for the Government to have, by legislation, mitigated the extent of that distress. Canada occupies a peculiar position. Geographically, she is a state of the American Union, although, happily, she owes allegiance to the British Crown and enjoys the advantages of independent representative Government. Much of the distress which has existed, has been due to the policy of slaughtering which the Americans have adopted. While the aggregate trade of Canada has decreased largely, her import trade from the United States has actually shown an increase. The following table shows the imports, yearly, into Canada from Great Britain and from the United States respectively :

FROM GREAT BRITAIN.

	1873.	1874.	1875.	1876	1877.
Paying duty...	\$47,497,034	\$47,789,220	\$49,239,119	\$32,885,482	\$32,916,776
Free.....	21,025,742	15,287,217	11,107,948	8,348, 78	6,655,463
	<u>\$68,522,776</u>	<u>\$63,076,437</u>	<u>\$60,347,067</u>	<u>\$40,734,260</u>	<u>\$39,572,239</u>

FROM THE UNITED STATES.

	1873.	1874.	1875	1876.	1877.
Paying duty...	\$16,678,805	\$21,103,866	\$22,023,065	\$21,334,613	\$23,510,846
Free.....	81, 56,873	83,179,716	28,782,155	24,735,420	27,801,823
	<u>\$47,735,678</u>	<u>\$54,283,072</u>	<u>\$50,805,820</u>	<u>\$46,070,033</u>	<u>\$51,312,669</u>

By these figures, it will be seen that the aggregate imports into the Dominion have decreased from \$116,368,454 in 1873 to \$90,884,908 in 1877, or 22 per cent. That, in itself, might, perhaps, not be a very serious fact, because much of it is due to the shrinkage in values of goods; but the most serious feature of our trade is to be found in the fact that we are gradually becoming a mere slaughter market for the United States, while our trade with England which employs our shipping and gives work to our maritime population, is steadily decreasing. Thus, while the aggregate imports have decreased 22 per cent., the aggregate imports from Great Britain have decreased 42 per cent., and there has been an actual increase in our importations from the United States of 7½ per cent. The most unfortunate feature in these figures is found in the fact that our "best customers," as Mr. Cartwright, in his last budget speech, called the Americans, have become less our customers every year.

While our import trade with them has, as we have seen, in spite of the depression and general falling off in imports, increased 7½ per cent., our export trade with them has during the same period decreased from \$34,934,120 to \$22,919,179, or 34 per cent. With England the reverse has been the case, while our import trade has decreased 42 per cent., our exports have increased from \$38,743,384 to \$41,527,290, or 7½ per cent. It is quite clear that the ultimate result of this state of things must be to destroy largely our shipping. Our ability to become the highway to the West depends largely upon the success with which we can attract the shipments through Canada to foreign consumers of agricultural productions. It cannot long continue that a vessel can come to Canada in ballast for the purpose of competing with vessels at New York, Boston and Baltimore for the export trade in the productions of the farm and dairy, and the result will be that after expending

enormous sums of money in the improvement of the internal navigation of the St. Lawrence and the enlargement of our canals, we will find the question of inward freights determining the course of trade towards American ports, to the permanent injury, not only of the shipping ports of the Dominion, but of our shipping interests as well.

The Tea Trade.

This condition of things is due directly to the policy of the Government. By the destruction of the wholesale tea trade in Canada, they have centred, to a great extent, the wholesale business of the country in American instead of Canadian cities, and they have done this without conferring any advantage whatever upon the consumer. The policy of the late Government, while relieving tea from duty altogether, when imported direct from the place of production or from Great Britain, was to centre the trade in the hands of Canadian merchants by imposing a differential duty of ten per cent. against the United States. Under that policy, the tea trade was increasing rapidly in Canada, and with it we had the advantage of the wholesale grocery trade generally. As an illustration of the way in which this policy is destroying our tea trade, we give the following comparative statement of imports in 1874 and 1877 respectively. It will be seen that our trade with China is being destroyed, while the United States are steadily controlling this branch of our import trade :

	1874.	1877.
Great Britain.....	\$1,418,247	\$1,440,662
United States.....	12	1,712, 28
China.....	834,290	72,772
Japan.....	212,587	210,445

The Government policy did serious injury in permitting

The sugar refining Industries.

of Canada to be destroyed by means of bounties paid by the American Government to American refiners. Mr. Mills took strong ground that the drawback paid by the American Government to refiners did not operate on a bounty. How wrong he was, however, was proved by the discovery of the American Government themselves, that that was the result of their drawback, and, as a consequence, they reduced it somewhat, although, even yet it operates to some extent in the same way. In the meantime, however, the bounty compelled the closing of the Redpath sugar refinery in Montreal. The result was the throwing

out of employment of about four hundred heads of families besides most seriously affecting the prospects of our trade with the West Indies and South America, both of which are matters of great consequence to the future of Canada. The policy of the Government in acting in this way is an evidence of their fanaticism on the subject of free trade. They went further than even the best English authorities ventured to go. In the Sugar Convention of 1864 special provision was made by the four contracting powers, of which England was one, for the imposition of countervailing duties. Article 19 of that Convention was as follows :—

“The high contracting powers reserve to themselves to agree to the steps to be taken for obtaining the adhesion of the Governments of other countries to the arrangements of the present Convention. In the event of bounties being granted in the said countries on the exportation of refined sugars, the high contracting parties will be at liberty to come to an understanding as to the extent to be imposed on the importation of refined sugars to and from said countries.”

Prominent English statesmen have taken the same view. Lord Derby, Sir Stafford Northcote, Lord Aberdare, Lord Hampton, and Professor Leone Levi, have all taken the ground that the interests of the consumer are not promoted by this system of bounties paid by foreign countries, but that the general interest of the public suffers. Lord Derby said in the House of Lords on the 22nd July, 1875 :

“From our point of view, it is also a question affecting the general interests of the public. We are convinced that any advantage of cheapness to the consumer which can be obtained by means of the bounty on foreign sugar will be temporary only, because if the bounty were continued long enough, and raised high enough to drive the English sugar refiner and colonial producer out of the market, then it follows that the foreign producer would get the monopoly of the market in which case the price would not long remain at a low rate.”

Lord Aberdare, at a meeting of the British Association, spoke as follows :—

“Of course it would be to the advantage of this country to reap the benefit of the cheaper productions of the countries. That was the true spirit of free trade. But the effect of these large bonuses to the French manufacturer was that they were rapidly destroying the refining industry of this country. When it was destroyed, the price of sugar would rise, and he need scarcely say that the result would be rather permanently to increase than to decrease the price of sugar.”

Lord Hampton, at a meeting of the Society of Arts, on December 8, 1875, said :—

“It was a great mistake to suppose that the interest of the consumer turned solely on a low price for the moment, and he remembered Lord Derby expressing very clearly in the House of Lords his view that of course it was to the interest of the consumer to have

low-priced sugar so long as he could rely on a continuance of that low price; but if the result was to injure the market, it must very soon turn out that the interest of the consumer had been injured rather than advanced."

Professor Leone Levi took a similar view at the above mentioned meeting, when he said:—

"Nor can it in the end prove satisfactory, even to the consumers in this country, to enjoy even the benefit of extraordinary cheapness, if, under the operation of such exceptional legislation and a fallacious system of bounties one by one all the refiners in England and Scotland should be compelled to close their works, and so leave the whole British market for refined sugar a complete monopoly for the French refiners."

That is the testimony of English statesmen and economists, who are, on general principles, free traders, but who recognize the duty of the Government to meet exceptional legislation on the part of a foreign country. What has been the practical result here? We have lost the sugar refining industry with all its direct and incidental advantages to the trade of the country, and, as a consequence, the consumer is paying at this moment from $\frac{3}{4}$ of a cent to $1\frac{1}{4}$ cents more than he formerly did for sugar. Mr. McGibbon, in his letters to the GAZETTE, has established this in such a way that, although these letters have led to considerable controversy, no one has attempted to deny the specific fact of the cost to the consumer. The true method to determine the relative prices of refined sugar at different periods, is to ascertain the relation of the price of refined to that of the raw at the same time. Thus, in 1876, Redpath's ground white sugar was sold at $8\frac{1}{2}$ cents per lb., and at that time raw sugar was worth $6\frac{3}{4}$ cents to 7 cents per lb. To-day, American granulated sugar is sold from $9\frac{1}{2}$ cents to $9\frac{3}{4}$ cents per lb., while the raw sugar is still worth only $6\frac{3}{4}$ cents, showing, as we have said, an actual increased cost to the consumer, as the result of the destruction of this industry, of from $\frac{3}{4}$ c to $1\frac{1}{4}$ c per lb.

Protection does not increase Taxation.

How the various manufacturing industries of Canada have been affected by the failure of the Government to meet the changed condition of things in the United States, is, unfortunately, too apparent. In some branches, the factories to-day are simply doing a small jobbing business and they are filled with manufactured goods, the product of American factories. The answer to the claim for protection is that it involves increased taxation. This is

a very decided fallacy. The measure of the taxation of a country is the wants of the Government. In order to meet the present necessities of this country, about fifteen millions of dollars have to be raised from Customs duties. Whatever may be the method of raising that, the amount is fixed by the requirements of the budget, and the taxation, therefore, upon the people is the same. It is possible to raise duties without, in any way, promoting the material or commercial interests of the country. It is possible, on the other hand, to reduce duties, to lessen the taxation of the people, and yet to do it in such a way as largely to promote that prosperity. Mr. Cartwright, when he took office, added three millions of dollars to the taxation of the people, but he did it in such a way as not to promote, at all, either the industrial or commercial interests of the country. It is true that he added $2\frac{1}{2}$ per cent. to the unenumerated list, but he also added from five to ten per cent. to articles constituting raw material, and which had previously been in the free list, and by that means, neutralized the influence of a higher duty regarded as a protection to the Canadian manufacturer. He added a duty on tea, and by so doing not only increased the taxation of the country, but actually destroyed the wholesale grocery trade of our large cities. When Sir Francis Hincks took the duty off tea, by his arrangement of a differential duty as against the United States, to meet that which they charged against us, he built up a prosperous trade, while Mr. Cartwright, by the manner in which he imposed his duties, killed a trade which promised to be of enormous importance to this country. These are illustrations of the fact that the question of taxation and the question of a wise fiscal policy are entirely distinct.

Protection does not increase the cost of articles protected.

We are told, however, that protection involves, in addition to the duty charged upon articles, a large increase in the cost of the article manufactured in the country itself, to the consumer. This is the popular cry with the advocates of free trade. It is used in the United States by gentlemen like Mr. David Wells, and it is the one argument used by friends of the Government. With a coolness which is decidedly refreshing, they take the duty levied on manufactured goods where similar goods are manufactured in the

country as well, and add that to the original cost and assume that the people have been taxed to that extent. Nothing could be more opposed to our actual experience and to that of our neighbours on the other side of the line. That experience has shown that the duty may, under certain conditions, have the effect of decreasing, not of increasing the cost of the commodity taxed. It has this effect when the country imposing duty has facilities for producing the commodity which it taxes. A familiar illustration in Canada is that of boots and shoes, a manufacture which has, perhaps, been as prosperous, all things considered, as any other. It is within the everyday experience of the public that the protection which induced the manufacture of boots and shoes in Canada, has had the effect of largely decreasing their cost to the wearer. In the United States the result has been the same. Mr. David Syme, in a paper upon restrictions on trade from a colonial point of view, gives some illustrations of this. We make one quotation. He says:—

"A tax may, under certain conditions, have the very opposite effect from that which it usually has, for instead of increasing the price of the commodity taxed, it may have the effect of diminishing it. An import duty has this effect when the country imposing the duty has facilities for producing the commodity which it taxes. . . . A high duty was also about the same time imposed on leather, wooden and iron ware, tools and implements of all kinds imported into the United States, and the consequence was that importations of that class of goods have gradually decreased, and cheaper home-made manufactures have taken their place. American made boots and shoes, carriages, and numerous other articles of manufacture now compete in the world's market with the cheapest products of British workshops, while in the case of mining and agricultural tools and implements, the American products have driven the British out of the field all over the world. If American producers can undersell competitors abroad, there can be no doubt that American consumers can buy cheaper at home, and the duty, therefore, must have been rather a gain than a loss to them. That the imposition of the duty on imports and the growth of the home manufacture, stand in the relation of cause and effect, there can hardly be a doubt, judging from these and other instances I might refer to."

Upon this point, too, we have another authority, which is important. It is from Ryland's iron trade circular, published at Birmingham, England, from which we quote the following:—

"The edge tool trade is well sustained, and we have less of the effects of American competition. That this competition is severe, however, is a fact that cannot be ignored, and it applies to many other branches than that

of edge tools. Every Canadian season affords unmistakable evidence that some additional article in English hardware is being supplanted by the produce of the Northern States, and it is notorious how largely American wares are rivalling those of the mother country in other of our colonial possessions, as well as upon the continent. The ascendancy of the protectionist party in the States continues to operate most favorably for the manufacturing interests there, and it was no wonder that, under such benignant auspices, the enterprise in this direction is swelling to colossal proportions. The whole subject is one demanding the serious attention of our manufacturers."

Even at that time, as far back as 1871 the effect of protection in the United States in destroying the import trade from Great Britain into Canada was already beginning to be felt. The figures which we have given show how seriously it has gone on since that time.

The Beet Root Sugar.

manufacture in France is a remarkable illustration of the effects of protection in building up native industries. Mr. Syme gives some interesting particulars in relation to it. The commencement of the industry was occasioned by the continental blockade which, at the beginning of the present century, increased the price of sugar and caused the Government to institute a series of experiments with a view to the manufacture of beet root sugar. At first the little success attending it, not more than two per cent of sugar being obtained from the beet, and that of a very inferior quality, involved great difficulty, and little was done until 1836 when the manufacture amounted to forty nine million kilogrammes. The industry, at this time, was protected by a differential duty of 42½ to 49½ francs per hundred kilogrammes, as against colonial sugar manufactured from the cane. It went through various phases until, by means of the fostering care of the Government, it is, at this moment actually paying a large revenue to the national exchequer, by means of the excise duty imposed upon it. "France," says Mr. Syme, "not only produces enough sugar for her own consumption, but is also an extensive exporter. Large quantities of French made sugar are annually exported to England, Belgium, Holland, Germany, Sweden, Russia, Italy, the Barbary States, Egypt, La Plata, and numerous other countries. It has, in fact, become one of the most important industries of the country, employing a large amount of labor and capital." We in Canada, might secure a similar indus-

try. Recent experiments made with Canadian beets have proved most successful. Professor Trebonski, one of the best authorities on the subject of beet sugar in the world, has made an analysis of Canadian beets grown upon an ordinary farm, the result of which has shown that they contain a larger proportion of sugar than the beets of France or Belgium. The late Government passed an Act by which they undertook to exempt from excise duty for ten years any manufacture of beet root sugar that might be established. The ten years are nearly expired, and last session an effort was made to induce the Government to prolong the period of exemption, but, with that persistent fanaticism which has proved so disastrous to all our industries, Mr. Cartwright refused to pass the Act, and those who, at this moment, are making efforts towards the establishment of beet root sugar factories in the Province of Quebec, have received a check, which may prove most disastrous.

Protection in the United States.

Another common argument of free traders against the adoption of a national policy in Canada, is that protection has proved ruinous to the people of the United States, that the depression there has been much greater than here, and that to adopt a similar policy here would, instead of resulting to our advantage, result to our serious injury. There is no doubt that the United States have suffered in common with other countries from depression, but people have been apt to attribute to protection what was really the result of an entirely different cause, the inflation consequent upon the war. With all the depression, however, we have the practical fact that while one trader in every twenty-nine in Canada during last year went into insolvency, in the United States, only one in every sixty-nine failed. If the troubles in the United States have been the result of protection, then England should have been free from them. There have been no abnormal causes in England to produce depression such as the war and its consequent inflation in the United States, and yet as a matter of fact, the trade in Great Britain has been depressed to a far greater extent than among our neighbors. In England the total import and export trade of the country has gone on steadily decreasing in recent years, as the following statement will show:—

	Total Imports.	Exp. of Brit Pro	For & Col & Ex.	Total Im.
1873	£371,287,372	£255,164,638	£55,844,162	£682,292,187
1874	370,082,711	239,518,121	55,092,343	667,733,185
1875	373,939,577	223,465,963	58,146,300	655,557,900
1876	375,154,703	200,639,04	56,137,398	631,931,305

In the United States, on the other hand, where this great depression is said to have prevailed, and against whose policy the people of Canada are so urgently warned, the aggregate trade for the last three years has been as follows:—

1875	\$1138,471,006
1876	1078,568,844
1877	1150,734,997

It will thus be seen that the aggregate trade of the United States has been increasing, while that of Great Britain has actually been decreasing. But when we come to analyze the character of that trade as to its imports and exports, the result is still more remarkable. Here is a statement of the imports and exports of the United States:

	Gold value.	1875.	1876	1877.
Total exports	\$605,574,853	\$596,890,973	\$654,437,457	
Total imports	533,906,153	476,677,871	492,097,540	

Bal. favor U S \$71,668,700 \$120,213,102 \$166,539,917

From this statement, it will be seen that the exports of the United States have been steadily increasing, that the balance of trade had in 1877 grown to \$166,539,917. In Great Britain, on the contrary, the very opposite result has taken place. The statement of the commerce of Great Britain, which we have given above, shows that the imports were almost stationary, while the exports diminished by nearly a quarter of a million dollars. It will require a good deal of argument on the part of our free trade friends to show that the policy which has produced this result in the United States, as compared with that in Great Britain, has been destructive to the trade and commerce of the former country.

The interests of the Farmers.

There is no class so deeply interested in this question as the farmers. Free traders constantly tell us that the prices of agricultural products are fixed by the prices at Liverpool. This is true in relation to wheat and a few other articles whose market is Liverpool. But the experience of recent years has shown that the farmer who depends upon his wheat crop is pretty certain to get into difficulty. The one essential requisite for successful and profitable farming is a home market for the consumption of the perishable products of the farm. The fact of the depression in the lumbering interest, for instance, affecting the far-

mers of the lumbering regions, is due entirely to the withdrawal of home consumers. The difference in the value of a farm situated say in the county of York, near Toronto, and one situated in the Muskoka district, arises simply from the fact that the owner of the former has at his door easy access to consumers of the perishable products which he raises. There is nothing in the land itself to make a difference. It is due to its proximity to a great centre of population. Those great centres can only be built up by means of a policy which will develop

the wholesale trade and the manufacturing interests of Canada which have suffered from the "fly on the wheel policy" of Mr. Cartwright and his colleagues. Mr. John McLennan, whose ability and experience make him an authority upon questions of this kind, has issued a statement for the benefit of the electors of Glengarry, on the trade with our "best customers" and what it costs to the Canadian farmers, which we cannot do better than quote in full:—

"From the official returns for the year ended 30th June, 1877:

REPORTS FROM CANADA TO THE UNITED STATES		Value.	U. S. Tariff	Amount of duty paid on entering U. S.	Canadian Tariff.
Barley.....	6,43,033 bush.	4,503,117	15c bush.	936,454.95	Free.
Peas.....	470,472 "	379,841	20 p.c.	75,968.20	Free.
Hay.....	270,000 "	270,000	20 p.c.	54,000.00	Free.
Wheat.....	348,946 "	376,019	20 p.c.	75,203.40	Free.
Wheat flour.....	174,989 "	174,989	20 p.c.	34,797.80	Free.
Oatmeal.....	11,991 brls.	48,753	4c lb.	11,991.00	Free.
Potatoes.....	2,890,594 bush.	1,297,567	15c bush.	433,589.40	Free.
Sawn lumber.....	319,997 m. ft.	3,212,738	2.00 m. ft.	639,994.00	Free.
Firewood.....	337,473 "	337,473	20 p.c.	67,494.60	Free.
Wool.....	2,377,120 lbs.	681,798	11c lb. & 11 p.c. ad val.	312,709.78	Free.
Flax.....	2,619,500 lbs.	182,979	2c lb.	52,390.00	Free.
Horses.....	7,496 heads	668,467	20 p.c.	133,693.00	10 p.c.
Horned cattle.....	13,851 "	268,347	20 p.c.	or \$17 3 ea.	10 p.c.
Sheep.....	198,820 "	536,618	20 p.c.	53,669.40	10 p.c.
				or \$3.87 ea.	
				107,323.60	
				or 53c ea.	

Import of Indian Corn from the U. S. 8,260,039 bushels.
 Less export to Foreign Countries..... 4,081,612 "
 Leaving..... 4,178,427 bushels.

"That went into consumption, *free of duty* in distilleries and otherwise, to replace Canadian barley export d., at a difference of 15c per bushel against us."

"Import of coal *free of duty* from the United States, to compete with our own great supply of fuel, 769,664 tons, value \$3,0-2,149."

"Export of coal to U. S., 187,772 tons, paying a duty of 75c a ton"

"Import *free of duty*, about 6,000 tons pig iron."

"Export, subject to \$7 per ton, 3,282 tons pig iron."

"Import of flour to Manitoba, \$40,260, free of duty, whilst the Manitoban cannot send back a bushel of wheat in exchange, except at a difference of 20 per cent."

"Having made our best offsets, with such odds against us, we have to make good to our best consumers," about \$25,000,000 in cash, for manufactured goods on which they have all the profit. It is a wonder that we are growing poorer day by day and rolling up *arificences* in our balance sheet"

"There is an item to be considered that is not in the trade returns, but you can supply it from memory: How many sons and brothers have left their homes to find employment in the United States? And have they gone hither to a field more depressed and suffering than exists in Canada, as the organs of the

Government pretend to tell you? You know better: the young men know better, and the Government ought to know better,"

Free Trade in England.

It is assumed in all the arguments which are used by free traders, that the policy of free trade in England is a settled policy, that the thirty years experience of it has so completely established its excellence that there is no feeling in favour of a change. As a matter of fact, however, there is no subject which, in England, is exciting, at this moment, greater attention. A letter addressed by Lord Bateman to the *London Times*, really represents the feeling which is fast growing in the Mother Country. It is sufficient to give a couple of extracts from that letter:—

"We cannot shut our eyes to the universal collapse of trade and its accompanying distress, be it the mineral, the shipping, the carrying, the agricultural or the general manufacturing trade. It brought the country the cry of depression and distress and ruin is the same. We have to compete on unequal terms with other foreign countries, who are robbing us of our profits, paying nothing to our exchequer, and under-selling us at the same time. When the capitalist finds that

his trade is leaving him, and that his profits are reduced to a minimum, it follows that the workmen depending upon him must suffer in like proportion, and, as a consequence, the rate of wages must come down, or employment must cease—strikes, lockouts and painful and undesired distress are the inevitable results. Granted that the theory of free and unrestricted commerce with all quarters of the universe is as bold as it is magnificent; granted that the idea, by whomsoever originated (and advocated by no one more consistently than by our good and wise Prince Consort), is both grand and glorious in its conception; granted that to give effect to it has been the aim, as it has been the long accepted policy of successive Governments; it cannot be denied that the slogan of "want of reciprocity" has, from the first, checkmated our philanthropic efforts, and obliged us now to confess, after 30 years of trial, that in practice our free trade is, at best, but one-sided; and that while we are opening our ports to the commerce and manufactures of the world, free and unrestricted, other countries, without conferring upon us any reciprocal benefit, are taking advantage, without scruple, of our magnanimous, but disastrous (because one-sided) liberality. * * * We have tried free trade, and it has been found wanting. We have done our best to impress other countries with the reasonableness of our policy, and in return they scoff at our blindness, and turn a deaf ear to our remonstrances. In the meantime, partial ruin and wholesale depression and distress are staring us in the face. Our local burdens are increasing, our exports diminishing. Our working classes, unsettled, are waging open war in the cause of labor against capital; discontented, because unable to find the real cause of their discontent; clamoring for their participation in the profits, which can hardly be said to exist, and yet unable to account for the hesitation and inability of their employers to accede to what they consider are only their just demands."

Other extracts might be given from other authorities, all tending to show the growing feeling in England in favor of some change of policy. The effort in the meantime, is directed chiefly to induce foreign countries to modify their tariffs in the interest of English manufacturers; but, failing to accomplish this, there is no doubt that the great question in the almost immediate future in England, will be this question of free trade and protection.

The Great Issue.

The issue, as we have said, is a very square one. Canada has immense and varied resources; she has an enormous sea line, great deposits of coal and iron, and other minerals facilities for foreign and domestic trade, and immense territories awaiting settlers from the old world. The question which we have to decide is: how can all these resources be best developed, all those hidden mines of wealth be best made to subserve the growth and future greatness of our Dominion? Mr. Cartwright has announced in the most formal manner that Government can have no influence in promoting

the commercial and industrial prosperity of the country. He has declared that he has no more influence in that direction than has a fly on the wheel in promoting its revolutions. His policy has been a policy of drift, a policy of utter indifference to decaying commerce, to our closed factories, to the steady destruction of those home markets for our agricultural productions, without which we can have no solid agricultural prosperity. If the sun shines and the showers come and the crops are good,—well. These are matters of Providence, and Mr. Cartwright believes that through their influence the country may prosper. But if otherwise, then, the country may go to the dogs, and Mr. Cartwright stands by with folded arms, nurses his economic theories, and practically illustrates his "fly on the wheel" doctrine. The Opposition, on the other hand, take a different view. They look upon it, that their country has its own special peculiarities and resources, on account of its geographical position, which requires for it a special policy; and that the duty of a wise Government is to watch carefully every influence which is calculated to militate against the prosperity of the country, and to meet it by such wise legislation as will neutralize its injurious effects. They hold, in fact, with Junius, that "the ruin or prosperity of a State depends so much upon the administration of its Government, that to be acquainted with the merits of a Ministry, we need only observe the condition of the people. * * * If we see a universal spirit of distress and dissatisfaction, a rapid decay of trade, * * * we may pronounce without hesitation that the Government of that country is weak, distracted, and corrupt." Holding these views, the Opposition arraign the Government of Mr. Mackenzie with having, by its policy, or, rather, want of policy, destroyed commercial confidence and ruined commercial interests, and they promise, if honored with the support of the people, to pursue a different, and, as they believe, better policy which recognising the peculiarities of our position in relation to the United States would be calculated to protect us against the injurious efforts of our neighbors, and to build up for ourselves those industries and that prosperity which, under a wiser administration, we enjoyed in the past. It is for the people to decide by their votes at the polls, which policy they prefer.